

**MINUTES  
REGULAR MEETING  
UTILITY SERVICE BOARD  
JANUARY 18, 2010**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, January 18, 2010.

The meeting was called to order by Chairman Alex Emmons.

**UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:**

Alex Emmons – Chairman  
Wayne Schuetter – Vice Chairman  
Rick Stradtner – Secretary  
Doug Schulte – Water Commissioner  
Mike Harder – Wastewater Commissioner  
Greg A. Krodel – Gas Commissioner  
Ken Sendelweck – Electric Commissioner

**ALSO PRESENT:**

Jerry Schitter – Electric Distribution Manager  
Windell Toby – Electric Generation Manager  
Michael A. Oeding – Gas & Water Manager  
Ed Hollinden – Wastewater Manager  
Bud Hauersperger – General Manager  
Sandy Hemmerlein – City Attorney

**PLEDGE OF ALLEGIANCE** (A-14)

Chairman Alex Emmons led the Pledge of Allegiance.

**REORGANIZATION OF THE UTILITY SERVICE BOARD FOR 2010** (A-22)

Chairman Alex Emmons stated it is time for election of officers and Commissioners and he opened nominations for Chairman, Vice Chairman, Secretary, and all Commissioners.

Doug Schulte nominated Wayne Schuetter for Chairman, Rick Stradtner for Vice Chairman, and Mike Harder as Secretary. He also nominated Alex Emmons for Wastewater Commissioner, himself, Doug Schulte for Water Commissioner, Ken Sendelweck as Electric Commissioner and Greg Krodel for Gas Commissioner.

Mike Harder made a motion to close the nominations. Rick Stradtner seconded the motion. Motion approved, 7-0.

Chairman Alex Emmons then called for the vote on the nominations. The nominations for the Officers and Commissioners were approved, 7-0.

The meeting was then handed over to newly elected Chairman Wayne Schuetter.

#### **APPROVAL OF MINUTES** (A-61)

Chairman Wayne Schuetter presented the minutes of the December 21, 2009, Regular Meeting and there being no corrections or amendments, asked for a motion to approve. Alex Emmons made a motion to approve the minutes of the December meeting as presented. Rick Stradtner seconded the motion. Motion approved, 7-0.

Chairman Wayne Schuetter then presented the minutes of the January 12, 2010, Special Meeting and there being no corrections or amendments, asked for a motion to approve. Doug Schulte made a motion to approve the minutes of the January 12<sup>th</sup> Special meeting as presented. Mike Harder seconded the motion. Motion approved, 7-0.

#### **IMEA MEMBERSHIP DUES** (A-85)

Jerry Schitter asked for Board approval to renew the IMEA (Indiana Municipal Electric Association) membership dues for 2010. This organization assists with mutual aid and safety training for the Electric Department employees. The membership dues for 2010 are \$8,400, which is the same amount as last year.

Greg Krodel made a motion to approve the IMEA membership dues of \$8,400 for 2010. Alex Emmons seconded the motion. Motion approved, 7-0.

#### **ELECTRIC PLANNING COMMITTEE REPORT** (A-113)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated the committee met on January 7, 2010 to review the draft report from Black and Veatch on the Power Plant. The final report should be received by the end of the month.

The first section discussed the cost estimate for extending the life of the Power Plant for 20 years. Black and Veatch's opinion is that the plant could run for approximately 5 more years before some repairs would be needed. The managers and Committee members disagree with this. They did discuss how the plant has been well maintained over the years.

An environmental assessment was done. It discussed the upcoming environmental changes, such as the industrial boiler MACT, on coal fired plants.

The efficiency of the plant was reviewed and it was determined that it has been lower than it was designed for, for the past few years, due to the plant going up and down repeatedly.

Co-firing was also discussed. Black and Veatch recommended co-firing with biomass up to 20% would be the most optimal, as opposed to running full biomass. This would cost approximately \$1.5 million to convert for co-firing. It could also save \$400,000 a year in fuel costs.

For a full conversion to biomass Black and Veatch suggested gutting the plant and putting in a new boiler designed for biomass. Their cost estimate for a full conversion to biomass is above \$40 million.

The report also looked at Combined Heat and Power (CHP). They do not think this option would make sense for the City. We would not have enough excess steam to make it feasible to sell to the customers who could use it.

The plant valuation section was unhelpful. It ranged from \$6 to 7 million, as-is, to a negative \$4 million, with the income based approach.

Sendelweck said it will come down to whether the City can make the investment without knowing all the variables as it relates to biomass sources and the value the revenue could bring. The Committee is questioning whether the plant should be put up for sale to mitigate the risk to the ratepayers. This decision will be deferred until the final report is available to review.

Chairman Schuetter had some questions on the possible biomass sources and who had looked into that issue. Hauersperger said Bingham McHale was tasked to identify local biomass sources, as well as possible revenues from biomass. Their report was just received last week and will be incorporated into Black and Veatch's final report.

Chairman Schuetter asked if the possibility of biomass was already off the table or if it was still going to be considered. He feels that biomass is still a very fluid situation and that a lot more will be understood in the next few months. Sendelweck feels that both options should be kept open until the final report is reviewed.

Sandy Hemmerlein asked, in regards to the Requests for Proposals (RFP), is the Board only interested in selling the plant or is there still the possibility of other options, such as co-ownership. If a sale is the only thing the Board is considering RFP's might not be the correct route to go, according to Hemmerlein.

Hauersperger recommends waiting for the final report and then have another Electric Committee meeting to look at samples of RFP's from Bingham McHale and determine which route the City wants to move in.

Chairman Schuetter said there will also be risks involved if the City sells the plant. There could be environmental impacts in that area of the City, depending on what the purchaser does with the plant.

Sendelweck said all of the items discussed at tonight's meeting will be reviewed at the next Electric Committee meeting.

Sendelweck said the Committee also discussed whether to continue with the capacity payment from MISO and IMPA. The City has until the end of January to inform IMPA whether we will continue with the capacity payment. (The Power Plant would have to have the ability to start up, if called upon by IMPA, in order to receive the monthly payments.) The payments are approximately \$30,000 per month. The Committee agreed that the City should continue with the capacity payments for the next year to mitigate the losses incurred each month under the current structure.

Ken Sendelweck made a motion that the City remain in the First Amendment of the Capacity Energy and Purchase Dispatch Agreement with IMPA from June 1, 2010 to May 31, 2011. Rick Stradtner seconded the motion. Motion approved, 7-0.

The Committee also discussed how to get closer to the breakeven point in the meantime, while all the decisions are being made about the fate of the plant. The Committee suggested decreasing the workforce at the Power Plant to the minimum needed to run if called upon by MISO and IMPA. Sendelweck did commend the managers for minimizing the impact by having the employees working in other departments during the past months of being shutdown.

Ken Sendelweck made a motion to have the Utility General Manager and Electric Generation Manager develop and implement a plan for a reduction of the workforce at the Power Plant, with the Mayor's, Electric Commissioner's and/or the Utility Service Board Chairman's approval. Greg Krodel seconded the motion. Chairman Schuetter said it is never easy to reduce the workforce, but it has now become a necessity. Motion approved, 7-0.

Ken Sendelweck said given the discussion this evening the Committee will defer making a motion to draft or develop an RFP since there is still discussion as to what should be in the RFP. Bingham McHale will continue to work with the City while these difficult decisions are being made.

#### **RESULTS OF LOADER/BACKHOE QUOTE OPENING** (A-491)

Mike Oeding stated that the quote from Hopf Equipment met all the specifications and was ordered for the price of \$17,113.

#### **NATURAL GAS PRICES** (A-495)

Oeding shared with the Board pricing on natural gas over the last three years. He informed them that bills will be up this year due to usage from the cold weather, not the actual price of the gas. It has been colder than normal.

#### **TAPPING MACHINE** (A-500)

Oeding said the tapping equipment was ordered from Groebner and Associates, after approval at the Special Meeting, for the price of \$18,319.77.

#### **CONTRACT WITH MIECO, INC.** (A-505)

Oeding stated that Hemmerlein has a contract for approval from MIECO, Inc., from Houston, Texas. At the end of every month, the City is either long or short on gas in the pipeline. Ron Ragan, from Utility Gas Management, goes out on the market and either purchases or sells this gas to balance the load. This standard agreement allows Ragan to market with MIECO to buy or sell this gas to at month end.

Hemmerlein reviewed the contract and it is fine. The contract is ongoing, but can be terminated by either party with a 30 day written notice. Utility Gas Management has recommended entering this contract.

Alex Emmons made a motion to approve the contract with MIECO, Inc. Doug Schulte seconded the motion. Motion approved, 7-0.

#### **GAS PLANNING COMMITTEE REPORT** (A-558)

Greg Krodel, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

#### **WATER PLANNING COMMITTEE REPORT** (A-559)

Doug Schulte, Chairman of the Water Planning Committee, stated the committee did not meet during the past month.

#### **WASTEWATER PLANNING COMMITTEE REPORT** (A-561)

Mike Harder, Chairman of the Wastewater Committee, stated the committee did not meet during the past month.

#### **CONFLICT OF INTEREST DISCLOSURE STATEMENT** (A-562)

Bud Hauersperger presented the annual Conflict of Interest Disclosure statements for Jerry Schitter and Mike Oeding. Schitter's statement needs to be signed by the Common Council.

Hauersperger stated that Mike Oeding is the president of the Board of the Gas Utilities Alliance, which provides excess liability insurance for our gas distribution system.

Ken Sendelweck made a motion to approve the Conflict of Interest Disclosure Statement for Mike Oeding as presented. Doug Schulte seconded the motion. Motion approved, 7-0.

#### **FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET** (A-578)

Rick Stradtner reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Doug Schulte made a motion to approve the claims as presented. Greg Krodel seconded the motion. Motion approved, 7-0.

#### **BEAVER LAKE DAM** (A-584)

Sandy Hemmerlein stated as a follow-up to the Special Meeting that Region 15 has submitted the paperwork available back to the EDA for the Beaver Creek Lake Dam project. The deadline was January 15, 2010. The Resolution for financing the project will be presented to the Common Council on Wednesday night.

#### **RESOLUTION SETTING BILLING CHARGES FOR 2010** (A-594)

Sandy Hemmerlein passed out Resolution #USB 2010-2, setting billing charges for 2010. These charges apply to the Water Meter and Parts Costs, the Utilities Vehicle/Equipment List with Rental Charges and the Wastewater Laboratory Charges for the year.

These charges are looked over at the beginning of each year to see if they need updated to cover the expenses bore by the Utility Departments. The Board's approval is required to increase the charges.

Rick Stradtner made a motion to approve Resolution #USB 2010-2 as presented. Alex Emmons seconded the motion. Motion approved, 7-0.

**THANK-YOU** (A-641)

Chairman Wayne Schuetter wanted to thank past Chairman Alex Emmons for the great job that he did last year.

There being no further business to come before the Board, the meeting was adjourned at 7:46 PM upon motion by Alex Emmons and second by Doug Schulte. Motion approved, 7-0.

The minutes were hereby approved\_\_\_\_\_ with \_\_\_\_\_without corrections this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Attest: \_\_\_\_\_  
Secretary Chairman